

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 6348

BILL NUMBER: HB 1241

NOTE PREPARED: Dec 1, 2005

BILL AMENDED:

SUBJECT: Worker's Compensation.

FIRST AUTHOR: Rep. Stilwell

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill increases worker's compensation and occupational disease benefits. It also increases compensation for permanent partial impairment.

Effective Date: July 1, 2006.

Explanation of State Expenditures: *Average Weekly Wage:* This bill increases the maximum average weekly wage used in the determination of compensation for temporary total disability, temporary partial disability, and total permanent disability from \$882 to \$954 (8.2% increase) for FY 2007 and beyond. Medical benefits are determined by the degree of impairment and are not based on the wage. The bill also increases the maximum compensation (exclusive of medical benefits) that may be paid for an injury under the worker's compensation and occupational disease law.

Maximum Compensation: The bill increases the maximum compensation, excluding medical benefits, that may be paid for an injury from \$294,000 to \$318,000 (8.2% increase) for FY 2007 and beyond.

Degree of Impairment: The bill also increases the award for disability based on the degree of impairment.

For Each Degree of Impairment from	Current	FY 2007
1-10	\$1,300	\$1,500
11-35	\$1,500	\$1,700
36-50	\$2,400	\$2,700
Over 50	\$3,000	\$3,300

It is difficult to determine the potential cost of these changes. An actuarial analysis of these changes will be performed by the National Council on Compensation Insurance (NCCI). [Note: The results of the actuarial analysis are not currently available. The note will be updated when NCCI finishes their analysis.]

According to the Indiana Compensation Rating Bureau, premiums increased by 2.2% for 2006, 3.2% for 2005, and decreased by 1.8% for 2004. Premiums for worker's compensation for 2005 were about \$759 M.

For FY 2005, the state paid about \$2.7 M in worker's compensation benefits, \$2.5 M in FY 2004, and \$2.4 M in FY 2003.

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: All.

Local Agencies Affected: All.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.